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SUBJECT: BELARUS WEEKLY POL/ECON REPORT - APRIL 3, 2009

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[¶1.](#) The following are brief items of interest compiled by
Embassy Minsk.

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Civil Society

[¶2.](#) Prosecutors Extend Investigation against Volkovysk Activists

Prosecutors extended March 27 for one month investigations into criminal cases against three Volkovysk activists Nikolay Avtukhovich, Yuriy Leonov and Vladimir Osipenko. According to their relatives, the detainees had been rarely interrogated or called up for any other investigatory procedures. They also expressed serious concerns regarding the possibility of court hearings to be held behind closed doors as the police had been rigidly restricting their access to the detainees and also the official information about their cases.

[¶3.](#) Vitebsk Opposition Activists Fined

A Vitebsk district court fined March 27 members of the Conservative Christian Party Sergey Kovalenko \$250 and Igor Bazarov and Valeriy Aleksandrov \$25 each for holding an unsanctioned rally. The three activists staged March 25 a demonstration in downtown Vitebsk and unfolded banned opposition flags to mark the 91st anniversary of the Belarus' declaration of independence.

14. Polish Activists Fined in Absentia

On March 27, Andrzej Poczobut, Igor Bantser and Mechislav Yaskevich, members of the unregistered Union of Poles, filed appeals to court to challenge their fines. A Grodno district court notified Bantser and Yaskevich by mail that they were fined in absentia \$185 each in March 2009 for allegedly participating in an unsanctioned demonstration on January 17, 2009. Poczobut was fined \$185 on the same charges on March 17, 2009. The Union members linked the fines with their active advocacy of Polish minority rights in Belarus.

15. GOB Cuts Five Russian TV Channels

GOB cut cable broadcasting April 1 across Belarus of five popular Russian TV channels that frequently aired critical and satirical programs about President Lukashenka. An aide to the Information Minister dismissed any "political grounds" behind the ban, saying that the cable providers were "free" to base their decisions on economic expediency. The providers referred to a recently enforced media law mandating foreign TV channels to obtain permits for broadcasts in Belarus, and the Russian channels reportedly failed to comply with the requirement.

Domestic Economy

16. Minsk Denied Russia's RUB 100 Billion Loan, Requests Another One

According to media reports receiving interest here, Belarus is not likely to receive a 100 billion Russian ruble (RUB) loan from Russia in the near future. The GOB wanted the loan to help smooth the transfer to payments in RUB for mutual trade. An anonymous source in Russia's Finance Ministry told Prime-TASS

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news agency that the denial did not stop the GOB from asking USD 2 billion loan from Russian banks against the government guarantees. According to the source, the talks on this loan are currently underway. Interestingly, Russian President Medvedev's economic assistant Arkadiy Dvorkovich opined in an interview to Financial Times on the same day that Russia will not assist its neighbors for political reasons.

17. Banks Obligated to Reduce Interests on Hard Currency Deposits

Chairman of the Association of Belarusian banks Feliks Chernyavskiy told the round-table discussion on banking issues March 30 that starting on April 1 Belarusian banks will implement the instructions of the National Bank and reduce the maximum interest on hard currency deposits to 10 percent. He also opined that banks will have to further reduce interest to 8 percent. The new National Banks' policy is aimed at avoiding dollarization of the economy. To the same end, banks have also been obliged to keep interests on Belarusian ruble (BYR) deposits up to 20 percent.

Foreign Trade

18. 2009 Natural Gas Price, Payment Pattern Unclear

According to the media, Russian officials provide conflicting comments on the pattern of payment for Belarus-bound natural gas. Economic Counselor of the Russian Embassy in Minsk Andrei Kuznetsov told Prime-TASS news agency March 26 that, according to the agreement that Medvedev and Lukashenka reached on March 19, Belarus will make monthly payments based on the estimated average yearly price and the sides will settle all outstanding payments at the end of the year. Gazprom's Deputy Chairman Andrey Kruglov told the news conference in Minsk March 27 that he has no information "on any agreements or cleared decisions".

Another Deputy Chairman Valery Golubev said in an interview to "Gazprom" magazine on April 1 that the price Belarus paid for Russian gas in January through March was approximately USD 210 per one thousand cubic meters (tcm). General Director of natural gas transportation company Beltransgaz Vladimir Mayorov reminded March 27 that, according to the GOB estimates, the average yearly price should not exceed \$148 per tcm.

9. Spanish FM Meets with Lukashenka

Lukashenka met with the visiting Spanish Foreign Minister Miguel Moratinos March 30. Although the EU is already Belarus' second largest trade partner, Lukashenka stressed he wants more trade with the EU. Belarusian-Spanish trade (\$219 million) in 2008 was negligible with little prospects to grow. Obviously, Lukashenka wants more exports to the EU as about 20 EU-imposed restrictions and limitations in trade with Belarus are still in place. The meeting was important to him in view of Spain's next year EU chairmanship. The Foreign Minister's comment was rather supportive. "It is remarkable that you have such good relations with Russia. Undoubtedly, chances to have same good relations with the EU are high". Moratinos also condemned sanctions on Belarus and said they should be lifted immediately.

10. Exports of Potassium Fertilizers Fall Sharply

An anonymous source in the GOB told the Prime-TASS news agency March 31 that Belarusian manufacturer of potassium fertilizers Belaruskaliy exported 33,000 tons of fertilizers in March, down from 120,000 tons in January and 75,000 tons in February. Belaruskaliy, one of the country's main exporters, saw its contracts with major consumers (China and India) expire last December and this March. It exported the total of 6.5 million tons last year and the forecast for this year is 5-5.5 million tons.

Quote of the Week

11. During a meeting with the Governor of Russia's Nizhnyy Novgorod region Valeriy Shantsev March 31, Lukashenka sounded bewildered over Russia's intent to withdraw its proposals for G-20 summit. "I don't understand why Russia does that. Americans would like to lobby the former model saying: 'Let's not abandon the market economy'. So, in fact Americans want to stick to the same cheating at play that led to the crisis".

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